

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 L-03 H-02 EB-07 COME-00 TRSE-00

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3306

C O N F I D E N T I A L BUENOS AIRES 7226

E. O. 11652: GDS

TAGS: EINV, EFIN, AR

SUBJECT: STANDARD ELECTRIC/ITT SITUATION

REF: BUENOS AIRES 7014

1. OCTOBER 29, STANDARD ELECTRIC (CSEA) REP GAVE EMBOFF BRIEF RUNDOWN ON RECENT CONVERSATION WITH GUIDO DI TELLA. CONTENT APPEARS GENERALLY CONSISTENT WITH WHAT MINISTER CAFIERO AND DR. DI TELLA TOLD EMBASSADOR IN RECENT CONVERSATIONS (SEE REFTEL).
2. ACCORDING CSEA REP, DI TELLA SAID GOA WOULD ESTABLISH NEW COMMISSION WITHIN FIFTEEN DAYS WHICH HE WOULD HEAD. COMMISSION WOULD BE EMPOWERED TO NEGOTIATE TERMS WITH CSEA FOR GOVERNMENT PURCHASE OF MAJORITY OWNERSHIP OF COMPANY. COMMISSION WOULD THEN MAKE RECOMMENDATION TO EXECUTIVE POWER.
3. DI TELLA ALSO SAID GOA WOULD PROVIDE NEW PURCHASE ORDERS FOR CSEA TO KEEP COMPANY OPERATING DURING IMMEDIATE FUTURE. HOWEVER, WHEN CSEA REPS MADE DISCREET CHECK WITH ENTEL, THEY COULD FIND NO EVIDENCE OF NEW PURCHASE PLANS.
4. CSEA REP TRAVELLING TO U.S. TO REVIEW SITUATION WITH HEAD OFFICE. A KEY ISSUE IS WHETHER ITT WILLING BRING ADDITIONAL \$2.5 MILLION TO ARGENTINA - THE AMOUNT NECESSARY TO MEET PAYROLLS DURING NOVEMBER AND DECEMBER.

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5. COMMENT: CSEA REP PLEASED THAT AT LAST COMPANY HAD
OPPORTUNITY PRESENT FACTS OF SITUATION DIRECTLY TO GUIDO
DI TELLA. MOREOVER, HE FELT RESOLUTION OF CSEA PROBLEM
NOW IN HANDS OF REASONABLE MEN. HOWEVER, BASED ON PAST
EXPERIENCE, HE NOT OPTIMISTIC FOR RAPID PROGRESS.
HILL

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